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REPORT OF THE THIRD MEETING OF THE INTER-GOVERNMENTAL COMMITTEE OF EXPERTS OF AFRICAN LEAST DEVELOPED COUNTRIES

Addis Ababa, 9 - 12 May 1984

A. ATTENDANCE AND ORGANIZATION

1. The third meeting of the Inter-governmental Committee of Experts of African Least Developed Countries was held in Addis Ababa, Ethiopia, from 9 to 11 May 1984. The meeting was opened at 11.00 a.m. on 9 May 1984 by Comrade Aklilu Afework, Commissioner for Production Sector, Central Supreme Planning Council of Socialist Ethiopia and an opening statement was delivered by Mr. Adebayo Adedeji, Executive Secretary of the Economic Commission for Africa.

2. The meeting was attended by the representatives of the following member States of the Commission: Benin, Burundi, Chad, Djibouti, Ethiopia, Equatorial Guinea, Guinea, Malawi, Mali, Rwanda, Sierra Leone, Sudan, United Republic of Tanzania, and Togo. Also in attendance were observers from France and Zaire and the following United Nations organizations and intergovernmental organizations: UNCTAD, UNDP, UNESCO, ILO, [illegible], WHO and OAU.

3. The Committee elected the following officers to constitute the Bureau: Chairman, Mr. Joseph Mhonyongwa, Principal Economist, Ministry of Finance, of Malawi; Vice Chairman, Mr. Diane Kibane Kari, Technical Adviser, Ministry of Planning of Mali, and Rapporteur, Mr. Fadl Alla Elhadi Ibrahim, Counsellor, Embassy of Sudan to Ethiopia.

B. AGENDA

4. The meeting adopted the following agenda:

1. Opening of the meeting
2. Statement by the Executive Secretary
3. Election of officers
4. Adoption of the agenda and organization of work
5. Review of economic and social conditions in African least developed countries, 1981-1983
6. Progress in the implementation of the Substantial New Programme of Action in African LDCs (1982-1983)
7. Pricing policies in African least developed countries: some salient issues
8. Review of ECA activities in 1983 and programme of work in 1984 in favour of the African LDCs
9. Consideration and adoption of the report and draft resolutions
10. Closure of the meeting.

C. SUMMARY OF PROCEEDINGS

5. In his opening address, Comrade Aklilu Afework, Commissioner for Production Sector of the Central Supreme Planning Council of Socialist Ethiopia, welcomed the participants to Addis Ababa to attend the third meeting of the Inter-governmental Committee of Experts of African LDCs. He stated that the African continent had been subjected to a serious crisis since the 1980s with even more frightening prospects. The average annual GDP growth rate in low income African countries had continued to dwindle from 3.5 per cent during 1960-1973 to 1.5 per cent, 1.2 per cent and 0.1 per cent in 1973-1979, 1980 and 1981 respectively.

6. Although the agricultural sector was the backbone of the economies of African LDCs, it was the sector most seriously affected, particularly in terms of food production, food aid and world cereal stocks. Cereal production in African LDCs had declined from 22.3 million tonnes in 1981 to 20.2 million tonnes in 1982, requiring a 20 per cent increase in cereal imports in 1983 over the 1982 level. Overall food aid received by food deficit countries had stagnated at around 9 million tonnes since July 1977. World cereal stocks at the end of 1983/84 would represent 16 per cent of expected world consumption in 1984/85, or less than 17 to 18 per cent of the estimated minimum required for world food security. He suggested that it would be necessary to make an in-depth analysis of various strategies to increase food production and food security and to identify the factors that inhibited their implementation at the national, sub-regional and regional levels with a view to restoring the necessary balance to the current food supply situation in African LDCs.

7. On the implementation of the Substantial New Programme of Action, Comrade Aklilu said that the declining flow of official development assistance (ODA) to African LDCs was an indication of the developed countries' view, expressed at the Paris Conference and the sixth session of UNCTAD, that the primary responsibility for the economic development of LDCs rested with the countries themselves. External assistance, however minimal, was likely to continue on a bilateral basis, so it could be determined by the political priorities and commercial interests of donors and not in response to the specific needs of the LDCs.

8. Finally, Comrade Aklilu informed the meeting about the encouraging results achieved by the Ethiopian Government in the area of agricultural development, especially food production. He concluded that the crisis facing the African LDCs was extremely serious and that immediate and concrete measures were required to reverse the situation or at least arrest the current decline.

9. The Executive Secretary of ECA, Mr. Adebayo Adedeji, said that the meeting was taking place at a time when a large number of African countries were confronted with an economic and social crisis of unprecedented proportions. The situation was particularly grave in the African LDCs, whose structural weaknesses and extreme vulnerability to external shocks were aggravated by natural calamities which had affected agricultural production, especially of food crops, and engendered a critical food supply situation in almost all the LDCs.

10. The Secretary-General of the United Nations, Mr. Javier Perez de Cuellar, had travelled to eight West African countries, including five LDCs, in January and February 1984. Although the main findings of the mission related to the critical food supply situation, other disastrous effects, such as shortages of water and livestock feed, widespread desertification and a deepening of the energy crisis, were also quite evident in the countries visited.

11. The structural budgetary deficits of most LDCs had worsened owing to a decline in current revenues, which were derived mainly from the external sectors, a reduction in agricultural output for export, the contraction in world demand and depressed prices for primary commodities had resulted in a continued deterioration of the terms of trade of the African LDCs. As a result, the debt burden had intensified and impossible debt servicing and repayment burdens had led many African LDCs into financial and structural adjustment programmes with very painful consequences.

12. The key issues before the Committee included a review of economic and social conditions in African LDCs, progress in the implementation of the Substantial New Programme of Action (1982-1986), pricing policies in African LDCs and a review of ECA activities in 1983 and programme of work in 1984 in favour of the African LDCs. On the prevailing economic and social conditions in the LDCs, he commented that despite near stagnation in the overall performance by African LDCs, with a decline in the annual average growth rate from 3.3 in 1981 to -0.2 per cent in 1983 despite declining agricultural production, especially of food crops, owing to erratic climatic conditions, and the low level of manufacturing output because of lack of raw materials and other intermediate imports, it was commendable that most African LDCs had pursued pragmatic policies on investment, public finance, export promotion, pricing and exchange rates, which had brought improvement in certain areas, such as the rehabilitation of existing production units.

13. On the implementation of SNPA, he reiterated suggestions he had made to the second meeting of the Committee of Experts in April 1983, namely that countries should orient the basic documentation for review meetings toward a more detailed description of projects in order to solicit firm donor commitments, that the communiques on review meetings should be explicit about donor commitments so that the Governments of African LDCs could devise follow-up mechanisms and implementation procedures with a greater degree of certainty about the resources that would be available, and that subregional programmes and projects should be included, since some donors indicated a preference for such bi-national or multinational undertakings. He further suggested that pre-review meetings, convened to review documentation prior to round tables and consultative meetings, should be extended to include major multilateral financing and technical assistance institutions that had a long-standing interest in the development of a particular country since they were likely to become involved in the implementation of the programme.

14. With regard to the response by donors since the Paris Conference in 1981, he pointed out that in addition to the continued hardening of the terms and conditions of aid, official development assistance (ODA) from the DAC countries of OECD, from multilateral financing institutions and from OPEC had decreased substantially in 1982 for 17 out of 26 African LDCs.

Such a trend in aid flows showed that donors were not committed to the 0.15 per cent target of donor GNP to be transferred to the LDCs in ODA by 1985. He urged the Committee of Experts to give serious thought to ways of improving the effectiveness of review meetings in order to elicit firm donor support.

15. On the subject of assistance to the African LDCs at a regional level, he pointed out that the ECA secretariat places emphasised on the recommendations contained in chapter I of SNPA. It was presenting a study on pricing policies in African LDCs which was intended to highlight the effectiveness of such measures in the context of overall economic planning and management. Committee members might wish to recommend detailed studies of the subject in their respective countries.

16. Finally, he informed the meeting about the activities of ECA in 1983 and its work programme for 1984 in favour of the African LDCs. He offered the secretariat's services in assisting, within the limits of its financial resources, in the preparation of documentation for forthcoming country review meetings.

Agenda item 5: Survey of the economic and social conditions in the African least developed countries

17. Introducing document E/ECA/LDCs.4/2, the representative of the secretariat said that it analysed developments in the socio-economic situation of African least developed countries in 1982 and 1983 in terms of principals macro-economic aggregates, public finance, external trade, the balance of payments and the various types of policies carried out, together with changes in the prevailing international economic environment since the adoption of the Substantial New Programme of Action (SNPA) for the least developed countries in 1981. The various aspects were dealt with both globally and in the form of country case studies. Available statistics indicated that the rate of GDP growth in real terms had dropped from 3.5 per cent in 1981 to 1.8 per cent in 1982 and to a negative level of the order of -0.2 per cent in 1983. At the sectoral level, GDP in the agricultural sector had grown by 4 per cent in 1981 and 2.3 per cent in 1982, as against 1.2 per cent in 1983 for the manufacturing sector.

18. As a result of those poor performances, there had been a deterioration in the food situation and the food production index had been growing by only 0.4 per cent per year as against an annual population growth rate of the order of 2.8 per cent. The document also identified the harmful effects on the trade balance with the outside world of the drop in world prices for major agricultural exports (cotton, cocoa, coffee and groundnut products) and mining products (bauxite, copper, uranium and diamonds). As causes of the crisis the document mentioned (a) economic recession in the industrialized countries and the slump in oil revenues of OPEC member countries; (b) natural calamities such as drought and cyclones; (c) the inefficiency of the sectoral policies being pursued, especially in agriculture (price policies, investment policies, distribution networks); and (d) the inadequate external assistance received by African LDCs. The imbalances in public finance (almost permanent budget deficits) and in the balance of payments (drop in export earnings and a corresponding reduction in external reserves, whence also in import capacity, heavy external indebtedness) persisted and external reserves often dropped to a critical level equivalent to only a month's worth of imports.

19. The policies being implemented by African LDCs to overcome the crisis were found to be of three types: (a) policies to revitalize productive activities by identifying priority sectors (agriculture and socio-economic infrastructure in almost all cases), and reallocating investment towards them; (b) economic and financial stabilization policies, very often in collaboration with IMF or the World Bank, which explained the surfeit of deflationary measures; and (c) social welfare policies. The success of those policies depended to a large extent on whether the industrialized countries abided by their commitments to provide technical and financial assistance, especially the commitments they made at the Paris Conference on the Least Developed Countries. There was, however, a downward trend i aid flows, and the official development assistance (ODA) African LDCs received from the member countries of the Development Assistance Committee (DAC) and from OPEC member countries and multilateral financing agencies had dropped in 17 of the 26 African LDCs between 1980 and 1982.

20. Noting that the review meetings (UNDP round tables or World Bank consultative groups) were behind schedule, and that global mid-term review of SNPA scheduled for September - October 1985 was fast approaching, he appealed, (a) to African LDCs to help the ECA secretariat to give more effective support and prepare better studies by supplying it in good time with any useful publications, and (b) to the international community, the industrialized countries in particular, to honour the commitments they had made at the Paris Conference and elsewhere. The former requirement was vital if the secretariat was to play its assigned role as co-ordinating agency for the implementation of SNPA.

21. The representatives who took the floor generally endorsed the study but made reservations with respect to the statistics which, they felt, needed to be updated on the basis of recent studies published by the countries concerned. One representative pointed out that there was no specific paragraph on the external indebtedness of LDCs, that, in his opinion, was a major oversight in that the current negotiations between LDCs and donor countries and agencies were mainly concerned with reducing external indebtedness. He asked why the same approach had been taken to the consideration of all 26 African LDCs. Another representative listed additional causes of the economic recession in his country and said that the emphasis should be on the stagnation of world demand for its major exports and low growth in the public sector, which resulted from the abandoning of major investments because of a decline in external resources made available to his country. Management and production factors, especially in the manufacturing industries, were also responsible along with the problems of finding trade outlets. The representative of Guinea informed the Committee of recent events in his country and the ongoing recovery programme, which was currently focusing on collecting the material required to update previous data and publishing, in collaboration with the World Bank, a memorandum on the country's economic and social situation. That phase would be followed by the publication of a national recovery programme and an interim development plan based on economic liberalization objectives. The

roundtable with donors initially sheduled for 1984 would not be held before the interim plan was drawn up and therefore certainly not in 1984. He requested that ECA should be effectively involved in the implementation of the various phases. Some representatives mentioned salient recent developments in the socio-economic situations of their respective countries. One agreed with the analysis of his country's situation and mentioned the main features of the stand-by arrangement with IMF and the World Bank structural adjustment programmes, which included a reduction in domestic demand, the restructuring of the public sector, and a training policy geared to employment policy. With respect to the implementation of those agreements, there was a return to some major macro-economic balances; two follow-up meetings to the round table with donors organized by his country had been held and the third was under preparation. He deplored the fact that aid flows received up to December 1983 were much lower than those received in 1982. He wanted to know what the secretariat meant by 'countries' low absorption capacity' which was the reason given to justify some countries' preference for subregional projects. Their desire to bring about subregional and regional economic integration seemed a more likely reason. He finally asked the secretariat if it had quantified data on the impact of the national currency devaluations applied by some African LDCs. Another representative, while stressing the poor rate of implementation of SNPA during its initial years, especially where pledges of assistance were concerned, said that the primary responsibility for their economic and social development lay with the LDCs themselves. He also asked the Committee to specify the major reasons for that poor performance (responsibility of developed countries for the economic crisis, lack of control by LDCs over the terms of trade) and make practical recommendations for consideration by the Conference of Ministers of LDCs and other bodies.

22. In reply, the representative of the secretariat said that any amendments aimed at updating the study were welcome. There was no specific paragraph on external indebtedness because of the shortage of published statistics and the difficulties in collecting existing data. There was, however, a special chapter on external indebtedness in another secretariat study which would be submitted to the ECA Conference of Ministers; in June 1984 a seminar would be held on that problem. The adoption of a single approach to the data on all 26 countries was to allow for consolidation of the results in the global study and for comparisons among countries. As to the devaluation measures, there was a study thereon in the Survey of Economic and Social Conditions in Africa 1982-1983 published by the secretariat. Even if one endorsed the economic integration objectives sought by African LDCs and indeed all African countries, it was important not to overlook internal structural obstacles such as the small size of domestic markets. Finally, he had taken due note of the proposals made by one representative, calling on the Committee to consider practical measures to overcome the economic and social crisis facing African least developed countries.

Agenda item 6: Implementation of the Substantial New Programme of Action in African least developed countries

23. A representative of the secretariat introduced document E/ECA/LDCs.4/3 entitled "Implementation of the Substantial New Programme of Action in African Least Developed Countries (1981-1983): report of the secretariat". After recalling the mandate of ECA in the implementation of SNPA, he stated that the report was in four main parts: (a) current status of preparations for organizing review meetings; (b) assessment of review meetings organized since the adoption of SNPA; (c) evaluation of overall international efforts at co-operation in implementation of SNPA; and (d) increased co-ordination in the implementation of the SNPA.

24. Regarding the organization of review meetings, he gave an account of the round tables that had been organized since the adoption of the Substantial New Programme of Action by the United Nations Conference on the Least Developed Countries in September 1981. In 1982 three African LDCs, Cape Verde, Rwanda and Mali, had organized round tables as against only two (Benin and Djibouti) in 1983. In 1984 there were to be four round tables. Those of Burundi and Malawi had already been held and Lesotho and Guinea Bissau would be organizing theirs very shortly. There remained therefore 10 round tables to be organized (excluding Botswana and Equatorial Guinea). Four countries were involved in World Bank consultative group meetings: the United Republic of Tanzania, Uganda, the Sudan and Somalia. The delay in organizing these round tables was due in particular to the physical problems encountered by the countries in preparing background documents and to the time it took to go through the preliminary formalities of consultation.

25. The policies outlined in the working documents gave precedence to the productive sectors in keeping with paragraphs 9 to 50 of SNPA and the Lagos Plan of Action, insisting as they did on food self-sufficiency, industrial policies based on agro-industries, mineral processing industries and socio-economic infrastructure. About 75 per cent of the financing for the programmes submitted to the round tables was being sought from external sources, with some variations between different countries. The total cost of the projects submitted amounted to about $US 8.4 billion at 1981 prices. The distribution of investments by sector depended on the specific features of the countries (whether they were land-locked, agro-pastoral or otherwise). However, approximately 23 per cent of investment was earmarked for rural development, 20 per cent for transport and communications infrastructures, 14 per cent for the social sector and 12.5 per cent for energy and mining. Donors had in general approved the policies outlined in the round table working documents but expressed reservations as to the capacity of the different countries to absorb the investment requested, to mobilize national savings to the extent they claimed and to maintain investments once made. That was the reason for the donor countries' adopting the line of (a) replacing the long-term programmes submitted by the LDCs themselves with IMF economic and financial recovery programmes or World Bank structural adjustment programmes; (b) hesitating to co-finance projects and, concomitantly, delaying the start-up of some; (c) refusing to respect the priorities put forward by LDCs; and (d) questioning whether development plans would be successfully completed.

26. Follow-up arrangements after the round tables were very sparse because of the few firm commitments made by donors during the round tables. However, very little information was available despite resolution 401 (XVIII) and numerous contacts between the ECA secretariat and the African LDCs. Only two countries (Mali and Benin) had been able to provide information on the arrangements for following up their respective round tables; designation of a central co-ordinating body; periodic meetings, in Mali and Benin respectively, with representatives of donors; ad hoc missions to certain donor countries; ad hoc meetings on some priority projects. The arrangements tended to absorb a substantial amount of the resources of recipient countries. In that connection, he suggested that (a) recipient countries should adopt more realistic programmes with a more credible national input, stressing priority projects and abandoning programmes that had overly ambitious financial components; (b) donor countries and agencies should make firmer commitments to rehabilitation projects, ease the external debts of LDCs, support their balance of payments and finance additional priority projects; (c) the United Nations system should provide technical assistance to LDCs in defining their programme and ensure a more rational utilization of the expertise available within the system, especially in defining sectoral programmes.

27. External assistance under official development assistance (ODA) had dropped to $US 4.0 billion in 1982 at current prices from $US 4.1 billion in 1980 and assistance provided under normal market conditions had increased by 28.2 per cent between 1970 and 1981. Conditions of aid were improving very slowly because of slow procedures, legal obstacles in the donor countries and co-financing problems. During the sixth session of UNCTAD many problems had remained unsolved, especially those of external debt relief and compensatory financing facilities.

28. He concluded by drawing attention to the need for better co-ordinated efforts to implement SNPA, particularly with respect to the preparations for review meetings (background documents and pre-consultation meetings) and co-ordination in the organization of such meetings (terms under which such meetings should be held, presentation of the programme, co-financing meetings, etc.).

29. The participants congratulated the secretariat for raising in the document a number of issues having a crucial bearing on the effective implementation of SNPA in African LDCs. The ensuing discussion and comments focused on two important areas: (i) exchanges on the experience of countries that had already organized their review meetings, and on forthcoming meetings; (ii) recommendations to be made for the effective implementation of the SNPA.

30. Several delegates from countries that had already held review meetings provided additional detailed information on the problems encountered in preparing for and holding the meetings, together with an evaluation of the results achieved. This was so that countries that had yet to organize their review meetings could take measures for improving their effectiveness. Generally, the round tables so far held had brought together a large number of potential donors but had not been so successful as had been hoped.

That was because few firm commitments had been given by donor countries and agencies in contrast to what SNPA stipulated. Most funding agencies had merely criticised the programmes and projects submitted on the grounds that they were too ambitious, the project studies were often incomplete and the countries had little capacity to absorb the investment requested. They often expressed reservations about both overall and sectoral priorities. It was noted that some of the project selection criteria applied were more in line with donors' commercial and political interests and that aid was being made subject to the provision of a national contribution. It was also pointed out that some commitments had already been scheduled before the review meetings in accordance with the indicative programming figure, and it was difficult to secure commitments beyond those already envisaged for a certain period. Other commitments were conditional upon debt servicing, failing which they might be revoked.

31. Some representatives provided information on the establishment in their respective countries of such national follow-up mechanisms as high-level inter-ministerial commissions and committees for the study and implementation of priority projects. Review meetings were held periodically between the countries, donor agencies and United Nations bodies as an integral part of national follow-up arrangements. Such periodic meetings were held either inside the country, with the local diplomatic representatives of the funding agencies and the United Nations system, or by sending high-level missions abroad to the donor countries and agencies to secure action on the basis of the commitments made. Those missions were, however, extremely costly in time and money.

32. Regarding the problems encountered in preparing for and holding round tables it was observed that in certain cases it had been difficult to reconcile review meeting documents with development plans. It was therefore suggested that review meetings should serve to infuse overall policy and well-defined sectoral policies into development plans so as to ensure their practical implementation and the support of funding agencies for countries' overall policies. Co-ordinating the sprocedures for submitting documents and project slips that would be likely to get financial backing was, however, a problem. It was proposed in this connection that each African LDC should maintain a development policy in line with its own priorities. As to the problem of absorbing investments, several representatives deplored the attitude of those funding agencies that used it as a pretext to turn down requests for funding. The low absorptive capacity of most African LDCs was not due only to domestic reasons. It might well result from the lengthy formalities imposed by donor countries and/or agencies which held back the impementation of certain projects and made the terms and conditions for obtaining foreign aid harsher.

33. The representative of Guinea stated that political change in his country had brought into question some aspects of the development plan now in progress. It would be necessary to postpone his country's round table to a later date after the economy had been restructured and all the project documentation and evaluation had been completed. Some representatives wondered whether the funding agencies could not take over the domestic portion project component of project expenditure in view of the fairly critical

economic and financial crisis that African LDCs were going through, particularly in the face of such natural disasters as drought and desertification. Others felt that short-term adjustment or rehabilitation programmes should fit into countries' overall plans in a complementary and non-competitive manner, and that the secretariat's proposal to submit only a certain number of major projects might cause funding agencies to lose interest in, for example, small village projects.

34. Representatives of countries still preparing for their review meetings also shared their experiences of preparation procedures. There had been some changes in the schedule of those meetings arising from certain bilateral preparatory meetings that had to be held with the funding agencies and the time needed to prepare background documents properly. Mention was also made of the difficulties encountered by some countries in putting together proper documentation because of divergences in the overall evaluation of investment programme priorities and in the harmonization of project presentation procedures by certain lead agencies. Other representatives stressed the fact that the holding of such review meetings could be compromised by the substantial costs of preparing for them and the minimal results they achieved.

35. The representative of UNDP stressed the importance of the agenda item, particularly the review meetings aspect. He asked the Committee to consider the issues raised in the ECA document much more closely and in depth in order to come up with appropriate recommendations. He asked the representatives present not to dwell too much on the problems of absorptive capacity often raised by donor countries and agencies since the whole purpose of technical assistance was prerequisite to improve this capacity. With respect to the harmonization of procedures, he pointed out that the LDCs themselves were at liberty to propose to the UNDP Governing Council the procedure best suited to their needs. A preliminary study evaluating the round tables was under preparation and would be available by the end of the year; it would be circulated to all African LDCs for their information.

36. The representative of UNCTAD also noted the importance of the meeting of the Committee whose outcome would enrich measures to be taken to ensure a better follow-up to the implementation of SNPA. He welcomed the intensive co-operation between ECA and UNCTAD since the adoption of SNPA in 1981. He then submitted to the Committee the UNCTAD secretariat report, "Progress in implementing the Substantial New Programme of Action in African Least Developed Countries" (UNCTAD/LDCs/76), which indicated that (1) the development assistance targets announced in SNPA had not been achieved although aid in real terms was 12 per cent higher in 1982 than the 1976-1980 level; (2) the flow of non-concessional aid had dropped and terms of assistance had deteriorated; (3) the economies of African LDCs had grown by only 2 per cent during the period 1981-1982 and the forecasts for 1983 were downward; and (4) all developed countries needed therefore to try to make good their commitment to devote 0.15 per cent of their GNP to LDCs as ODA by 1985. The global mid-term review of SNPA would be held from 23 September to 4 October 1985. It would be preceded by a meeting of governmental experts on development co-operation from donor countries, and bilateral and multilateral funding and technical assistance agencies with representatives of LDCs from 1 to 10 May 1985. The terms of reference of that meeting were to prepare for the global mid-term review. The meeting would focus on (1) improving the conditions under which external aid received by LDCs was granted and

how such aid was managed in the light of experiences acquired during the country review meetings; and (c) the main problems to be raised at the mid-term review in 1991. He also proposed a five-day joint ECA/UNCTAD workshop on the focal points proposed by African LDCs with a view to considering the best ways of collecting and disseminating the information required to ensure a better follow-up to SNPA at the regional and global levels. He recommended that the workshop should be held during the last quarter of 1990 in order to supply the background information required for the meeting of the group of experts scheduled for May 1991.

37. In the ensuing discussions, participants stressed the need to formulate recommendations for consideration by the Conference of Ministers of African Least Developed Countries. First they insisted that round tables should allow donors to make firm commitments while permitting a dialogue on the development policies defined by LDCs. They recommended that a dialogue on policies and changes in development priorities should not be a prerequisite for decisions on funding and appealed to donors to honour the commitments made at review meetings. Secondly, they stressed the importance of establishing follow-up mechanisms to ensure that commitments made at meetings were honoured. In that regard they proposed that ECA and UNDP should increase the assistance they gave to LDCs for the establishment of follow-up mechanisms, the costs of which should be borne by the lead agencies, using the expertise available in the United Nations system, in ECA and elsewhere. Thirdly, the participants recommended that commitments by donor countries and agencies should not be linked to the payment of debts and expressed the hope that debts previously incurred by LDCs would be cancelled or rescheduled. They then proposed that donor countries and agencies should increase their assistance in order to improve LDC absorptive capacity, especially in areas such as project elaboration, by training national manpower. They also recommended the Governments of African LDCs to strive to harmonize the procedures followed by the various donors. Fourthly, they proposed that decisions to finance priority projects should not be tied to the provision of national counterparts, and that mechanisms should be established to procure counterpart funding from abroad.

38. The representative of the secretariat congratulated participants on their pertinent contributions and comments, which would help to improve the document and, especially, the recommendations for improving the implementation of SNPA to be submitted to the Conference of Ministers of African Least Developed Countries.

Agenda item 7 : Pricing policies in African least developed countries issues for consideration

39. Introducing document E/ECA/LDCs.4/4, the representative of the ECA secretariat recalled paragraph 125 of SNPA which specifically assigned to the regional commissions the role of assisting with and conducting studies on the major problems encountered by LDCs. Accordingly, African LDCs had implemented pricing policies over the past two years in co-operation with UNCTAD and ECA. Case studies had been prepared on Burundi, the Central African Republic, Comoros, Ethiopia, Uganda, Guinea Bissau and Mali. Among other measures, the studies had identified (i) schemes for increasing agricultural productivity and output, (ii) ideas for the better allocation of investment resources during the formulation of national development objectives and strategies, (iii) improvements in terms of trade both within the countries concerned and with the outside world, (iv) the strengthening of institutional pricing structures, and (v) improved pricing techniques and more effective price control and monitoring mechanisms.

40. He also defined the expected scope of the various measures as components of general economic policy, particularly in terms of how they would affect price stabilization and the compilation and processing of price statistics. The paper covered issues ranging from the control of the level of inflation and agricultural producer prices to investment incentives.

41. At the operational level, such difficulties as lack of uniformity and the limited relevance of consumer price and external trade indexes had been encountered in working out and comparing various price indexes. There was a widespread lack of wholesale price, production price, wage, employment and salary indexes. The imperfections of the market were attributed to the large subsistence sector, inadequate storage facilities and inefficient distribution channels in the African LDCs, all of which disrupted price fixing procedures and price structures. Among the most crucial elements in pricing policy on the supply side were production constraints in major sectors, which included unremunerative producer prices, the policy of subsidizing or taxing output, and the difficulties encountered by the distribution services. On the demand side, the problems had to do with money supply, public expenditure, exchange rates, wage rate variations and imports, of petroleum products in particular.

42. Regarding the major sectors of the economies of African LDCs, the attention of the Committee was drawn to the fact that the agricultural pricing policies followed were aimed at reducing the uncertainties that hung over producer prices and guaranteeing reasonable prices for consumers. They included guaranteed minimum prices, producer prices fixed before each farming season and subsidies for inputs such as fertilizers and seeds. In the manufacturing sector, such policies were essential because of the preponderance of the State sector and the difficulties it faced in terms of raw material and spare parts supplies, protectionist tariff barriers against foreign competition and the often inefficient transport, marketing and distribution networks.

43. On the question of the operation of institutional structures for price control and monitoring, he deplored the lack of co-ordination among the various services concerned and the outdated nature of the legislation in force in most countries.

44. The representatives confined their discussion to three areas of interest, (a) the aim of the study (b) the extension of the study to sectors not yet covered and (c) what individual countries had learnt about price management. Some representatives requested clarification on the ultimate purpose of the study, the meaning of certain correlations mentioned in the study, particularly the explanation of consumer price fluctuations by fluctuations in the money supply, and the reasons for selecting explanatory variables and the lack of comment on some of the regressive results. In that vein, the representative of UNDP remarked on the academic nature of the study and the lack of practical proposals on the use of prices as an effective instrument of economic policy to increase agricultural output and productivity, promote local industries etc. Since no regional pricing policy could be formulated he suggested a country-by-country approach and cited as an example the experience of Malawi, which had achieved self-sufficiency in food and was even exporting maize. Such achievements might serve as an inspiration to other African LDCs and bring the study to a more African level by eschewing theories more adapted to free market economies than to African LDCs.

45. As to broadening the scope of the study to include other price determinants, representatives commented on the inadequate coverage given to the role of price formulation and price management in general economic policy (the ill-defined macro-economic setting, in other words) in the study. One representative praised the quality of the study but reminded the Committee that further thought was needed on agricultural pricing policies, because (a) the agricultural sector provided the greater part of the value-added of LDCs, and (b) in contrast to the monetary sector there were usually no statistics available on production rates, wage rates, or marketing or distribution margins. The secretariat and all African LDCs should investigate the structure of prices in the agricultural sector before formulating pricing policies. Another representative felt that such research should be extended to all sectors of the economy in the countries concerned and encompass such notions as "real price levels" and "real wage levels" because the World Bank and IMF frequently made use of them as measures in their operations involving LDCs. That would facilitate negotiations between the countries concerned and the aforementioned institutions.

46. One representative related the difficulties encountered by his country in returning to the West African Monetary Union which had meant halving both prices and nominal wages for the sake of monetary uniformity with other countries members of the Union. The Committee might consider how pressure could be brought to bear on prices which, unlike wages and because of speculation, were largely beyond State control. Price liberalization policies could also, perversely, have the opposite effect to that intended, as had been the case in his country's cereal market. Another representative informed the Committee about the factors that had enabled his country to achieve food self sufficiency and even to export surpluses by using prices as a trigger. They included (a) the good climatic conditions in recent years (b) the fact that farmers could predict their monetary incomes because prices were announced in advance (c) the fact that farmers knew their crops would be sold, and for cash, (d) the establishment of temporary collection centres near the production centres and (e) the establishment of buffer stocks. With respect to the terms under which the standby agreements were signed with IMF and the World Bank, it was requested that a recommendation should be submitted to the Ministers under which the Fund, the Bank, or any other funding

agency would be required to guarantee the success of structural adjustment or economic and financial stabilization programmes and, when necessary, pay compensation for the adverse effects of such programmes.

47. In response to the various speakers, the representative of the secretariat said that some of the correlations made in the study were indicative tests. Although the secretariat was in agreement with a country by-country approach, there were difficulties in securing the necessary financial resources. The secretariat had appealed to UNDP for the necessary funding. There were also problems in deciding whether price liberalization policies were suitable or not, since conditions of economic growth varied enormously from country to country. He agreed with one representative in deploring current pricing policies which, together with current producer prices, helped to make the rural sector still poorer to the profit of the monetized sector. He also agreed that studies should be undertaken on the various areas proposed. Similarly, the structure of relative prices, which derived its importance from import substitution measures, would be included in the study.

Agenda item 8 : Review of ECA activities in 1983 and programme of work in 1984 for the African least developed countries

48. Introducing document E/ECA/LDCs.4/5 on the review of ECA activities in 1983 and programme of work in 1984 for the African least developed countries, the representative of the secretariat recalled that at its third meeting, in April 1983, the Conference of Ministers of African Least Developed Countries had approved the ECA's special programme for the African LDCs for the biennia 1982-1983 and 1984-1985. He enumerated the main components of the work programme: technical assistance and advisory services; annual reviews of economic and social conditions in African LDCs; follow-up and monitoring of the Substantial New Programme of Action (SNPA) in the African LDCs; detailed studies and research on the special circumstances of the economies of the African LDCs in the context of chapter I of SNPA; and servicing of the annual meetings of the Inter-governmental Committee of Experts and the Conference of Ministers of African LDCs. He further stated that in addition to the LDC Unit the secretariat had an inter-divisional committee on LDCs which was responsible for co-ordinating the ECA programme of assistance for the African LDCs.

49. In 1983, ECA had conducted studies on the economic and social conditions obtaining in African LDCs during the period 1981-1983; pricing policies in African LDCs; and progress in implementing SNPA in African LDCs in 1982 and 1983. All three had been presented to the Committee of Experts for consideration and would serve as the basis for recommendations to be submitted to the Conference of Ministers of the LDCs scheduled to take place on 22 and 23 May 1984. Another paper was concerned with the growth performance and state of advancement of SNPA in the African LDCs, and formed part of the LDC Unit's contribution to the mid-term review of the International Development Strategy.

50. During 1983 the secretariat had convened and serviced the second meeting of the Inter-governmental Committee of Experts and Third Meeting of the Conference of Ministers of African LDCs. It had also been represented at the sixth session of UNCTAD, which had before it an agenda item on the implementation of SNPA, pre-review meetings for Guinea and the Comoros, a meeting of the United Nations Committee on Development Planning, and consultations among United Nations agencies on the follow-up to SNPA.

51. With respect to follow-up action on resolutions 481(XVIII) and 482(XVIII) adopted by the Conference of Ministers of the African LDCs in April 1983, he informed the meeting that a project document had been prepared on the subject of research on domestic resource mobilization in African LDCs: it was now awaiting funding by any interested donor. Consultations were taking place between UNDP and the World Bank on national arrangements for following on donors' commitments after review meetings. The proposal by the Conference of Ministers to extend the deadline for review meetings beyond 1983 had been endorsed at the sixth session of UNCTAD and then at the thirty-eight session of the United Nations General Assembly in resolution 38/195, with the proviso that the meetings must be held before the global mid-term review of SNPA scheduled for September/October 1985.

52. Activities planned for 1984 included such studies as the annual review of economic and social conditions in African LDCs; industrial capacity under-utilization; and progress in the implementation of SNPA in African LDCs which latter would be submitted to the global mid-term review meeting in 1985. In conclusion, he stated that as the majority of the review meetings would be held in 1984 and 1985, ECA would be available to assist countries in preparing the necessary documentations and organizing the meetings.

53. In the ensuing discussion, some participants requested information on the staffing financial resources and functions of the ECA LDC Unit with a view to proposing the inclusion of additional programme elements in the special programme for the African LDCs. One speaker said that research on the use of energy resources in African LDCs showed that the principal constraints in terms of energy were (a) desertification and (b) the use of woodland resources for fuel, which caused severe deforestation. He specifically requested a study on the use of solar energy as a major alternative source of energy in African LDCs since fuel wood, their principal source of energy was being rapidly depleted through deforestation in most of the countries concerned.

54. Some representatives requested technical assistance from ECA in preparing their macro-economic plans, updating information on resource requirements for public investment programmes already prepared and setting up follow-up mechanisms to review meetings. More specifically, the representative of Guinea informed the meeting that an official request would soon be submitted to the ECA on the type and scale of assistance required.

55. Most of the representatives emphasized that the lead agencies, other donor agencies and developed donor countries should provide financial assistance to ECA for the special programme in favour of the African LDCs. In particular, they were of the opinion that in order to save on meagre resources, the lead agencies should make more use of national expertise, and available within the United Nations system, especially in ECA in the case of the African LDCs.

56. In response to the issues raised, representative of the secretariat informed the meeting that ECA and other international organizations, notably UNEP, were working on desertification, drought, deforestation and afforestation and that a round table held, in collaboration with other United Nations organizations in Addis Ababa in February 1984 had come up with substantive recommendations.

57. With respect to the staffing, functions and resource available to the LDC Unit, the representative of the secretariat stated that at present there were three Professional staff in the Unit, who were assisted by other staff from the Socio-economic Research and Planning Division and the ECA Inter-divisional Committee on LDCs. Despite the smallness of the Unit, internal arrangements could be made to accomodate requests of a specialized or multidisciplinary nature from Governments, depending on the availability of financial resources.

ANNEX

Tentative Schedule of Country Review Meetings as follow-up to the Substantial New Programme of Action
(As of April 1984)

	Least Developed Country	Government Focal Point	Consultative Mechanism/Lead Agency	Date of country review meeting
1.	Benin	Ministry of Planning, Statistics and Economic Analysis	UNDP Round Table	Held 28 February to 4 March 1983
2.	Botswana	Ministry of Planning	Continuation of ongoing bilateral exercises UNDP Round Table	(Postponed indefinitely)
3.	Burundi	Ministry of Planning	UNDP Round Table	Held 8-11 February 1984
4.	Cape Verde	Secretary of State for Co-operation and Planning	UNDP Round Table	Held 21-23 June 1982
5.	Central African Republic	Haut Commissariat au Plan, aux Statistiques et Cooperation Internationale, Présidence de la République	UNDP Round Table	(Dates to be established, 1984)
6.	Chad	Ministry of Planning (Commissaire au Plan)	UN/OAU meeting on the Reconstruction of Chad helped prepare documentation. UNDP Round Table	Held 29-30 November 1982 (To be discussed)
7.	Comoros	Ministry of Planning	UNDP Round Table	(2-4 July 1984)
8.	Djibouti	Ministry of Planning	UNDP Round Table	Held 21-23 November 1983

	Least Developed	Government Focal Point	Consultative Mechanism/Lead Agency	Date of country review meeting
9.	Ethiopia	Ministry of Planning	UNDP Round Table	(Dates to be established)
10.	Equatorial Guinea	Presidency	UNDP Round Table	Held 19-21 April 1982 1/
11.	Gambia	Ministry of Planning	UNDP Round Table	(October 1984)
12.	Guinea	Ministry of Planning	UNDP Round Table	(Dates to be established) 1985
13.	Guinea Bissau	Prime Minister's Office	UNDP Round Table	(21-23 May 1984
14.	Lesotho	Ministry of Planning	UNDP Round Table	(14-17 May 1984)
15.	Malawi	Ministry of Planning	UNDP Round Table	Held 27-29 February 1984
16.	Mali	Ministry of Planning	UNDP Round Table	Held 13-16 December 1982
17.	Niger	Ministry of Planning	UNDP Round Table	(Second half 1984)
18.	Rwanda	Ministère des Affaires Etrangères et de la Cooperation	UNDP Round Table	Held 1-4 December 1982
19.	Sao Tome & Principe	Ministry of Planning	UNDP Round Table	(Dates to be established)
20.	Sierra Leone	Ministry of Development and Economic Planning	UNDP Round Table	(Dates to be established, 1984)
21.	Somalia	Ministry of National Planning	World Bank Consultative Group	Held 26-28 October 1983

	Least Developed Country	Government Focal Point	Consultative Mechanism/Lead Agency	Date of country review meeting
22.	Sudan	Ministry of Finance & Economic Planning	World Bank Consultative Group	Held 12-14 January 1983 Held 14-16 January 1984
23.	Togo	Ministry of Planning	UNDP Round Table	May 1985
24.	Tanzania	Ministry of Planning and Economic Affairs	World Bank Consultative Group	Last met 1977
25.	Uganda	-	World Bank Consultative Group	Held in May 1982 Held-24-26 January 1984
26.	Upper Volta	Ministry of Planning	UNDP Round Table	(Dates to be established, 1984)

1/ A UNDP Round Table was held in April 1982 for Equatorial Guinea, but as the country was not added to the list of LDCs until the thirty-seventh session of the General Assembly at the end of 1982, this meeting did not take place in the framework of paragraph 113 of the SNPA.

DRAFT RESOLUTION ON

MEASURES FOR THE EFFECTIVE IMPLEMENTATION OF THE

SUBSTANTIAL NEW PROGRAMME OF ACTION IN AFRICAN

LEAST DEVELOPED COUNTRIES

The Conference of Ministers,

Recalling its resolution 307(XV) of 12 April 1980 entrusting the Conference of Ministers of African Least Developed Countries with the responsibility for ensuring the co-ordination of efforts, establishing priorities, monitoring and evaluating progress under the Comprehensive New Programme of Action in African Least Developed Countries, and its resolution 461 (XVIII) of April 1983 on measures for accelerating the implementation of the SNPA in African Least Developed Countries;

Recalling United Nations General Assembly resolution 38/195 of 20th December 1983 on the implementation of the Substantial New Programme of Action for the 1980s for the LDCs,

Taking note of the tremendous efforts made by the African least developed countries in the preparation of their respective country review meetings, especially in devising policies aimed at ensuring the successful implementation of their national programmes;

Noting that the review meetings so far organized have not totally met the expectations of the least developed countries, since the commitments made by donor countries and organizations have not fully matched the provisions of the Substantial New Programme of Action;

Expressing deep concern at the disappointing results of the negotiations on the SNPA at the sixth session of the UN Conference on Trade and Development (UNCTAD) held in Belgrade, June-July 1983;

Noting with great concern the worsening economic situation of the African LDCs caused by natural calamities such as drought and desertification;

Further noting with satisfaction the initiative of the UN Secretary-General on the African economic crisis and efforts to mobilize the international community to provide the necessary financial and technical assistance in favour of African countries, especially the least developed among them and also the appointment of a special representative on the African economic crisis,

Deeply concerned by the considerable reduction in Official Development Assistance especially on the concessional terms from all external sources, to the African LDCs since the adoption of the SNPA in 1981,

Bearing in mind that the global mid-term review of the progress in the implementation of the SNPA is scheduled to be held in September-October 1985,

1. Calls upon the African least developed countries to intensify their efforts in devising practical measures for mobilizing domestic resources for development and better economic management;

2. Further calls upon the African least developed countries to ensure that short-term financial recovery programmes should take cognizance of the objectives, strategies and priorities of their long-term national development

3. Strongly urges those African least developed that have not yet organized their review meetings to take all the necessary measures to do so in 1984 or, at least, before the global mid-term review meetings in 1985

4. Urges African least developed countries to adequately prepare themselves for the global mid-term review meetings in 1985 in order to make practical proposals for the adjustment of the SNPA if need be, so as to ensure its effective implementation during the second half of the decade, and to provide the necessary information and statistics to the ECA secretariat so as to be able to prepare a substantive regional assessment of the implementation of the SNPA during 1981-1984,

5. Further urges the African LDCs to ensure the establishment and/or strengthening of adequate follow-up mechanisms at the country level in order to maintain contacts with donors before and after review meetings;

6. Affirms that the principal objective of the country review meetings should be to secure additional resources and not to be a mere forum for the exchange of views on the countries development strategies, policies and public investment programmes and projects and, to that effect, donors should send high level representation from their respective aid agencies to attend the country review meetings and make firm commitments on the programmes and projects;

7. Requests the lead agencies UNDP and the World Bank to utilise local experts, the expertise within the UN system, especially the ECA, for the drawing up of the documentation for the country review meetings in African LDCs so as to reduce the expenditures for the preparation and organization of these meetings;

8. Calls upon donor countries in the context of para. 63 of the SNPA to substantially increase the flow of financial resources and other support measures with the aim of achieving the 0.15 per cent target of their GNP as ODA to LDCs by 1985 and expresses gratitude to those donors who have already attained this objective;

9. Urges donor countries and multilateral financial institutions to (a) provide financial assistance to the African LDCs on very favourable terms and conditions taking into consideration the special peculiarities of the economies of these countries, (b) alleviate the debt burden on the African LDCs through retroactive adjustment measures or equivalent actions and, most desirably, the complete cancellation of debts, (c) to contribute substantially to the local recurrent cost of the priority projects which they are funding in the LDCs, (d) to endeavour to improve aid delivery procedures in order to enhance the absorptive capacity of the LDCs and, wherever possible, to harmonize such procedures so as to create a condition for possible co-financing of projects;

10. Welcome the provision by some donors of assistance to African least developed countries mostly in the form of grants as well as in more flexible forms such as local recurrent cost financing, maintenance aid, rehabilitation aid, as well as balance-of-payments support, adapted to the special needs of the African LDCs and in response to their deteriorating economic and social situation caused by the natural calamities;

11. Calls upon the international community to provide support for the priority areas identified by the African LDCs in their country programmes on the basis of the provisions of chapter 1 of the Substantial New Programme of Action, particularly food and agriculture, manufacturing, exploration and development of energy and technical resources, human resources development, expansion and diversification of exports, development of transport and communications, and improvement in planning, implementation and management capabilities;

12. Expresses its gratitude to the UN Secretary-General and his special representative on the African economic crises for the efforts that they are deploying in mobilizing assistance from the international community to alleviate the current economic crisis facing Africa and appeals to the international community to respond positively to the efforts of the UN Secretary-General;

13. Requests the Executive Secretary to report on the progress in the implementation of this resolution to the fifth meeting of the Conference of Ministers of African LDCs in 1985.

DRAFT RESOLUTION

ON PRICING POLICIES IN THE AFRICAN LDCs

The Conference of Ministers,

Considering the importance of pricing policies in encouraging productive activities and, especially, in increasing productivity and output in the agricultural sector,

Aware of the critical food supply situation in the African LDCs,

Cognitant of the perverse effects of various economic and financial stabilization and structural adjustment programmes and the limited success such programmes have had and their cost, especially in low income countries,

Recognizing that current institutional pricing structures and price legislation need to be brought up to date,

Mindful of the dearth of statistics on production costs in sectors as vital as agriculture,

Recalling that steps urgently need to be taken to bring about national self-sufficiency,

Further recalling the experiences gained in formulating pricing policies and meeting the terms of the stand-by arrangements with IMF and the World Bank by many African least developed countries,

1. **Takes note** of the study on pricing policies in African LDCs presented by ECA Secretariat;

2. Requests the African LDCs to bring their institutional structures for fixing, controlling and monitoring prices up to date and into line with the economic situations they face, to make appropriate price-fixing arrangements for agricultural producers so that said producers may increase their output accordingly, and to check the current trend which allows middlemen to make exhorbitant profit and favours some urban consumers at the expense of the rural sector;

3. Invites the International Monetary Fund and the World Bank to include in their economic and financial stabilization and structural adjustment programmes and undertaking to adopt adequate measures aimed at identifying the detrimental and beneficial effects and make compensatory arrangements for any adverse effects that the African LDCs may encounter as a result of such programme;

4. Requests UNDP, the World Bank and IMF to give the ECA secretariat the necessary financial backing to provide coverage for all 26 African LDCs and cope with the various subjects selected for investigation to enrich the study on pricing policies in the African LDCs.

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REPORT OF THE THIRD MEETING OF THE INTER-GOVERNMENTAL COMMITTEE OF EXPERTS OF AFRICAN LEAST DEVELOPED COUNTRIES

Addis Ababa, 9 - 12 May 1984

CORRIGENDUM

Draft Resolution on Measures for the Effective Implementation of the Substantial New Programme of Action in African Least Developed Countries.

Operative para.8	Delete "and expresses gratitude to those donors who have already attained this objectives"
Add operative para.9	"Notes with gratitude the spirit of those donor countries which have already implemented the 0.15 per cent share of their GNP as official development assistance (ODA) to the least developed countries as provided for under the Substantial New Programme of Action (SNPA)".

Operative paras	:	9	becomes	operative para.	10
"	"	10	"	"	11
"	"	11	"	"	12
"	"	12	"	"	13
"	"	13	"	"	14